



March 29, 2002

Honorable Alex Penelas, Mayor

Honorable Gwen Margolis, Chairperson and
Members Board of County Commissioners

Honorable Harvey Ruvin, Clerk
Board of County Commissioners

Mr. Steve Shiver, County Manager
Miami-Dade County, Florida

Constituency \ Electorate

FINANCE DEPARTMENT
OFFICE OF THE DIRECTOR
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LADIES and GENTLEMEN:

The Miami-Dade County, Florida (the "County" or Miami-Dade) Comprehensive Annual Financial Report ("CAFR") for the fiscal year ended September 30, 2001 is hereby submitted. Responsibility for the accuracy and fairness of the presentation, including all disclosures, rests with management of the County. We believe the data, as presented, is accurate in all material respects, is presented in a manner designed to fairly set forth the financial position and results of operations of the County as measured by the financial activity of its various funds, account groups and component units, and all disclosures, necessary to enable the reader to gain an understanding of the County's financial activity, have been included. This report may also be accessed via the internet at <http://www.miamidade.gov/finance>. The accompanying report consists of three parts:

- ***Introductory section***, including the letter of transmittal from the Finance Director's Office.

Financial section, including financial statements, supplemental data, and other schedules of the County, accompanied by our independent auditors' opinion. Other schedules include General Obligation Bonds; Special Obligation Bonds; and Revenue Bonds of Seaport, Aviation, Public Health Trust, Water and Sewer Utility, Solid Waste, Rickenbacker Causeway and the Miami-Dade County Housing Agency.

Statistical section, including a number of tables of unaudited data depicting the financial history of the County over the past ten years, demographics, and other miscellaneous information.

The County provides a full range of services. These services include, but are not limited to, police and fire protection; health services; public transportation system; the operation of a full scale international airport and seaport; sanitation; water and sewer services; the construction and maintenance of highways, streets and infrastructure; libraries; correctional facilities; recreational activities; cultural facilities and programs and events, to name just a few.

The Executive Mayor is elected to a four-year term in a countywide election. Thirteen (13) Commissioners are elected from single member districts, to four year staggered terms, to a Board that serves as the legislative and governing body of the County and is responsible for the formation of all policies. The Mayor is not a member of the Board, but has veto authority over legislative acts and may appoint a Chairperson of the Board. The Mayor selects the County Manager, subject to ratification by the Board of County Commissioners.

The Financial Reporting Entity, under which the financial statements are prepared, includes all the organizations, activities, and functions for which the County, as the primary government, is financially accountable.

ECONOMIC CONDITION AND OUTLOOK

In fiscal year 2000 records were set in total employment and total visitors to the area. Virtually every other sector displayed robust performance with the exception of new home and condominium sales and foreign trade. It was recognized that the boom-like conditions of the previous several years might be approaching a slowdown, if not a turning point, partly due to the slowdown in the U.S. economy. This was the basis for the restrained optimism regarding performance in fiscal year 2001, i.e. quite possibly a level somewhat below 2000. As will be shown below, this forecast was essentially correct up to September 11, 2001.

Employment

Miami-Dade County was enjoying notable gains despite slowing economic conditions at the national level. For the month of March 2001, total employment locally reached a record high of 1,043,100 employees, about 3.6% higher than March 2000. The unemployment rate for 2001 was 6.1%. This is just above the 5.3% annual average for 2000.

Last year's increase of 23,500 in non-agricultural employment was topped by an even larger one of 26,000 during fiscal year 2001, a 2.6% increase. However, due to sharp growth of the labor force, the unemployment rate increased slightly from 5.3% to 6.2% during the year for the non-agricultural sector.

As in previous years, Services added the most jobs, 14,000 and had the second highest relative growth, 4.1%. This was followed by Retail Trade and Government; each adding over 6,000 jobs, with the latter also having the highest rate of growth 4.5%. Transportation and Public Utilities added 3,500 jobs and was the third fastest growing industry. Almost 2,000 new businesses of all types were recorded during the year and median family income continued to increase, reaching \$45,600, a 4.3% increase from prior year.

Sales Indicators

Consumer activity, as measured by taxable sales, was not as strong in fiscal year 2001 when compared to the prior year. Total taxable sales were up 3.5%; led by Autos and Accessories at 5.4% and Consumer Durables at 3.5% were well below the 2000 mark of 12.4%. The Miami-Dade economy, not being highly endowed with high tech manufacturing and e-commerce firms that had to retrench, was not as impacted by the down-sizing and attendant layoffs that occurred in those businesses. The events of September 11, 2001, caused the visitor industry to decline steeply and brought on, virtually, a full-fledged recession as the Miami-Dade economy moved into fiscal year 2002.

Real Estate Market



In fiscal year 2001 the market for home sales rebounded, somewhat, from the prior year. New condo sales turned around in 2001 from the 8% decline in 2000 to register a 15% gain. Conversely, sales of used single-family homes and condominiums were slightly lower in fiscal year 2001 than in 2000. The average price of a new single family home in

Miami-Dade County was just over \$209,000. This is 16% above the previous year. Likewise, used Single Family home prices increased approximately 10% to \$175,532. Overall, the housing market has so far weathered the economic storm rather well and market analysts are optimistic about fiscal year 2002. Reduced interest rates have promoted new home purchases and re-sales alike. Additionally, the stock market difficulties and uncertainties have prompted people to look at home purchases as an investment option. Low vacancy rates in the multi-family rental market, principally due to continued high population growth, have pushed up rents and provided an impetus for more investment. An important factor in the continued demand for housing of all types in Miami-Dade is the existence of a large foreign buyer segment. This has increased recently due to social turmoil and economic problems in Colombia and Argentina and political uncertainties in Venezuela.

Market performance in commercial real estate in fiscal year 2001 was not on par with the previous two years; which were very good ones. The office vacancy rate climbed from 10.9% to 16% and square foot lease rates were relatively flat. Total leaseable space increased by 7.3% to just over 34 million square feet. However, vacant space jumped up 69% to more than 4.5 million square feet. The office market was subjected to three negative influences; the national recession, economic problems in several Latin American trading partners and serious retrenchment across the whole spectrum of

telecommunications and internet related investment activity. Reduction of high-tech telecom activity also had a negative affect on demand for industrial space. An over-supply of industrial space, created in fiscal year 2000 when many plans of high-tech companies did not come to fruition, still exists in the market and will take some time for demand to catch up. Unfortunately, one of the pillars of the local economy, international trade and commerce has leveled off, further weakening the need for this type of space. In the retail arena, Miami-Dade County continues to be a popular place. There is one large mall under construction in Coral Gables and another soon to break ground in the West Kendall area. Several other smaller retail malls are planned and some existing ones are expanding. Continued population growth and corresponding spending on necessities fuel this activity.

International Trade and Commerce



In fiscal year 2001 the trade commerce declined from the previous year by reporting a 1.3% increase in total merchandise trade and a decline in imports of 2.1%. The latter was primarily caused by the poor economic conditions in some Latin American trading partners, most notably Argentina and Venezuela.

Two local barometers of trade activity are the freight tonnage moving through Miami International Airport and the Seaport. At the Airport, for the year 2001 international freight figures were down slightly while domestic freight tonnage handled was up 23.5%. At the Seaport cargo tonnage figures were up 5.7%, but this was a drop off from the fiscal year 2000 growth of almost 13%.

Most analysts are fairly pessimistic regarding international commerce in the year to come. This is based on the conditions in three of this area's major trading partners, Brazil, Venezuela, and Argentina. Argentina is in the worst shape, being in a virtual state of financial collapse; Brazil is facing political change; Venezuela is contending with high unemployment. Thus, it would be very surprising if fiscal year 2002 ends up being a good year for international trade from the South Florida perspective.

Tourism



South Florida's warm climate and sub-tropical environment have made it a very popular tourist destination. As a result of this, visitation to the Miami-Dade area has grown over the years and become a popular tourist destination, which is the basis for a multi-billion dollar industry. Additionally, its proximity to the Caribbean and Latin America has also contributed to the growth in visitors. The year 2000 was record setting with more visitors to the area than ever before, 11.2 million, a 13% gain from 1999, which it self was a good year. Through most of 2001 visitation levels were on a par with 2000. The total for the year was 10.5 million, a decline of 5.8%. The total is made up of about 50% international and 50%

domestic visitors, the former falling off more sharply than the latter.

A special marketing campaign lead by the Greater Miami Convention & Visitors Bureau was successful in avoiding further declines in visitors. Heavy discounting by the hotels was also a factor. Last year's report, which foretold good performance, would have been right on target without the tragic events in New York and Washington. The addition of about 2,000 new hotel rooms was one factor in attracting more visitors. Additionally, new hotels will be opening over the next two years. However, since 96% of visitors to Miami-Dade arrive by air, regaining the lofty heights of year 2000 will be largely dependent on passenger air travel returning to pre-terrorism days. Through the end of February 2002 passenger loads at Miami International Airport were 16% below the same period last year. During the last two months of 2001, the occupancy rate at area hotels had rebounded to the 60% level. Moreover, pre-booked conventions are providing a stable base which can be expanded if discretionary travelers (leisure and business) can be increased. However, with many additional rooms entering the market at the upper end of the rate scale, the industry may be facing a fairly lengthy period of modest financial stress.

Future Outlook

The national recession appears to be over, or close to it, even though employment growth dipped again in January. However, unemployment fell slightly and the Leading Economic Indicator Index has been rising since November 2001. Most economists foresee full recovery by mid-year 2002, but opinions vary as to how robust growth will be. While the Miami-Dade economy is not directly influenced by national conditions, improvements at the national level would be helpful. For example, some of the decline in Latin American and Caribbean trade is attributable to the U.S. recession. As the U.S. comes out of recession more orders will go to offshore production areas; foreign remittances will pick up and commodity demands will grow. Rising incomes in the U.S. increase imports. All of this would be helpful to the local economy. Nevertheless, we

envision a slow growth scenario for 2002 economic performance in Miami-Dade County.

INTERNAL CONTROL

County administration is responsible for establishing and maintaining internal control designed to ensure that the assets of the County are protected from loss, theft or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with accounting principles generally accepted in the United States of America. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

All internal control evaluations occur within the above framework. We believe the County's internal controls adequately safeguard assets and provide reasonable assurance of the proper recording of financial information for both internal and external reporting purposes.

BUDGETARY CONTROL

State of Florida statutes require all county governments prepare, approve, adopt and execute an annual budget for such funds as may be required by law or by sound financial practices. In compliance with this, the budgets adopted by the County are either appropriated or non-appropriated in nature. Funds that have appropriated budgets cannot legally exceed their appropriations. The budgetary controls over funds that have non-appropriated budgets are set by enabling ordinances, such as Bond Ordinances, in which the expenditure authority extends many years into the future.

Budgets are monitored at varying levels of classification detail, however, expenditures cannot legally exceed total appropriations at the individual fund/department level. Amendments and supplements to the budget require County Commission approval. Estimated beginning fund balances available for financing current appropriations are considered in the budgetary process. Budget to actual comparisons are shown in the financial statements for the Governmental Fund Types, for which the County legally adopts annual appropriated budgets, except for Capital Projects. Capital Projects costs are budgeted in the year they are anticipated to be obligated and, in subsequent years, the unused budget is reappropriated until the project is completed.

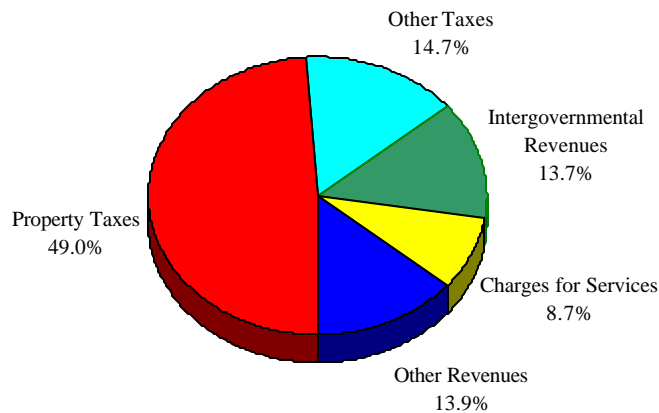
As an additional control, the County employs an encumbrance system which reduces available appropriations in governmental funds upon the issuance of purchase orders, contracts or other forms of legal commitments. Encumbrances at year end do not constitute expenditures or liabilities. They are accounted for as a reservation of fund balance for the outstanding balance of the commitment.

GENERAL FUND SUMMARY

The following schedule is a summary of the County's General Fund revenue sources for the year ended September 30, 2001, and September 30, 2000. Variances are reflected in percentages and the amount of increase or decrease is compared to the prior fiscal year (in thousands):

			Percentage Increase (Decrease)	Amount Increase (Decrease)
	2001	2000		
<i>Revenue Sources</i>				
General Property Taxes	\$ 640,135	\$ 608,819	5.14	\$ 31,316
Other Taxes	192,344	185,202	3.86	7,142
Licenses and Permits	71,764	64,523	11.22	7,241
Intergovernmental Revenues	179,123	177,942	0.66	1,181
Charges for Services	113,447	106,715	6.31	6,732
Fines and Forfeitures	28,990	29,261	(0.93)	(271)
Investment Income	29,103	25,599	13.69	3,504
Other	50,916	48,069	5.92	2,847
Total	<u>\$ 1,305,822</u>	<u>\$ 1,246,130</u>		<u>\$ 59,692</u>

**General Fund Revenues
Fiscal Year 2001**



Revenues in the General Fund were approximately \$1.306 billion for the fiscal year ended September 30, 2001, an increase of 4.8% or \$59.7 million compared to the prior fiscal year.

General Property Taxes - although Countywide millage rate dropped slightly by 0.058 mills and the Unincorporated millage rate remained the same, property tax revenues rose by \$31.3 million or 5.14% in 2001 as a result of an increase in net assessed property values (including new construction) of 5.0%.

Investment Income – increased by \$3.5 million or 13.7%. This was due to a higher average daily cash balance.

Licenses and Permits – revenue increased by \$7.2 million or 11.2%. This can be attributed to an increase in construction and inspection activities and an approved rate increase of approximately 7.5% in all related fees effective with the 2001 fiscal year.

Other Taxes – revenue increased \$7.1 million or 3.86%. This can be attributed to an increase in the Telecommunication Utility Surtax as a result of an increase in consumer consumption.

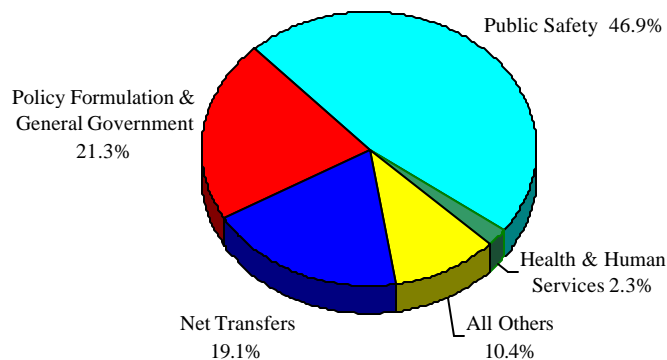
Charges for Services – revenue increased \$6.7 million or 6.3%. This was due to increased activities in Mortgage Recording Fees and Emergency Service Fees. Additionally, the County received additional revenues from the Department of Justice for housing women detainees transferred from the Krome Detention Center to County Facilities.

	2001	2000	Actual Change
Net Assessed Property Value			
(in thousands):			
Countywide	\$ 95,558,403	\$ 90,895,796	\$ 4,662,607
Unincorporated Area	43,544,007	41,552,428	1,991,579
Ad Valorem Tax Rate			
(in mills):			
Countywide	5.751	5.809	(0.058)
Unincorporated Area	2.447	2.447	0.000

The following schedule is a summary of the County's General Fund expenditures and transfers for the year ended September 30, 2001 and September 30, 2000 variances are reflected in percentages and the amount of increase or decrease is compared to the prior fiscal year (in thousands):

	2001	2000	Percentage Increase (Decrease)	Amount Increase (Decrease)
Expenditures and Transfers				
Policy Formulation and General Government	\$ 281,823	\$ 267,441	5.38	\$ 14,382
Protection of People and Property	620,783	591,150	5.01	29,633
Physical Environment	33,730	36,439	(7.43)	(2,709)
Transportation	31,485	29,671	6.11	1,814
Health, Welfare and Social Services	30,102	21,105	42.63	8,997
Culture and Recreation	71,987	66,969	7.49	5,018
Transfers Out (In):				
Transit Agency	\$ 110,000	\$ 106,020	3.75	\$ 3,980
Solid Waste	1,810	1,510	19.87	300
Capital Projects	34,803	28,886	20.48	5,917
Debt Service	7,835	14,903	(47.43)	(7,068)
Health Program	92,092	87,579	5.15	4,513
Social Programs	58,050	48,998	18.47	9,052
Water & Sewer	(25,547)	(24,788)	3.06	(759)
Self Insurance	(30,918)	(41,825)	26.08	10,907
Other, Net	5,041	11,770	(57.17)	(6,729)
Total	\$ 1,323,076	\$ 1,245,828		\$ 77,248

**General Fund Expenditures
Fiscal Year 2001**



Fiscal year 2001 expenditures and transfers for the General Fund were approximately \$1.323 billion, an increase of \$77.3 million or 6.2% over 2000. An analysis of the major service areas helps explain the increase as follows:

Culture and Recreation – the \$5.0 million or 7.5% increase can be attributed to expanded after school, summer and swimming programs, improved tree maintenance and increased park security.

Policy Formulation and General Government – the \$14.4 million or 5.38% increase can be attributed to an increase in funding to various Community Based Organizations (CBO's) and an increase in medical transportation costs as a result of increased activity.

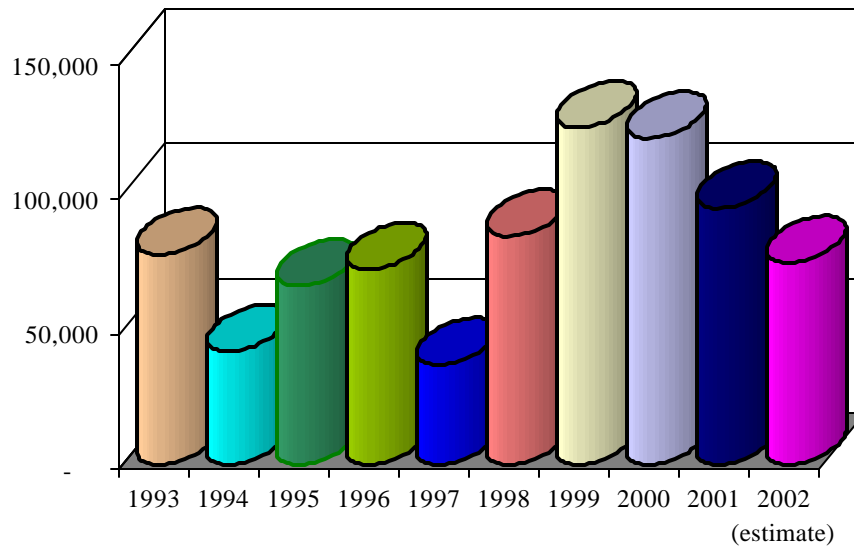
Health, Welfare and Social Services – the \$9.0 million or 42.63% growth is attributed to an increase in the support to the Public Health Trust.

Protection of People & Property - expenditures increased by \$29.6 million or 5.01%. This increase is mostly attributed to the support of various ongoing police activities like the Safe Streets/Clean Sweep Program, the Tactical Narcotic Team (TNT), Tourist Robbery Abatement Program (TRAP) and support to the Public Corruption Section.

**General Fund Unreserved Fund Balance
For the Fiscal Year Ending September 30, 2001
(in thousands)**

1993	77,900
1994	41,958
1995	66,373
1996	72,519
1997	37,001
1998	84,855
1999	125,153
2000	121,224
2001	95,103
2002 (Estimate)	75,000

General Fund Unreserved Fund Balance
As of September 20, 2001
(in thousands)



ENTERPRISE OPERATIONS

Enterprise Funds are established to finance and account for the acquisition, operation and maintenance of facilities and services which are intended to be entirely or predominantly self-supporting through the collection of charges from users, or for which the periodic determination of revenues earned, expenses incurred, or net income is appropriated for capital maintenance, public policy or other purposes.

The County maintains the following Enterprise Funds: the Transit Agency, the Department of Solid Waste Management, the Seaport Department, the Aviation Department, the Water and Sewer Department, the Public Health Trust, the Rickenbacker Causeway, the Vizcaya Art Museum and certain enterprise operations of the Housing Agency.

A summary of their operations is presented in the table below (in thousands):

Enterprise Operations Fiscal Year Ending September 30, 2001 (in thousands)						
	<u>Operating</u>	<u>Operating</u>	<u>Net</u>	<u>Non-</u>	<u>Operating</u>	<u>Net</u>
	<u>Revenues</u>	<u>Expenses</u>	<u>Income</u>	<u>Operating</u>	<u>Transfers</u>	<u>Income</u>
			<u>(Loss)</u>	<u>(Expenses)</u>	<u>In (Out) &</u>	<u>(Loss)</u>
					<u>Contributions</u>	
<i>Transit Agency</i>	\$ 83,444	\$ 341,906	\$ (258,462)	\$ 76,675	\$ 146,188	\$ (35,599)
<i>Solid Waste</i>	189,895	183,533	6,362	(1,403)	12,331	17,290
<i>Seaport</i>	76,169	48,976	27,193	(20,660)	7,599	14,132
<i>Aviation</i>	475,901	499,833	(23,932)	(12,205)	24,891	(11,246)
<i>Water & Sewer</i>	360,623	289,489	71,134	(21,421)	22,027	71,740
<i>Public Health Trust</i>	774,238	1,046,519	(272,281)	29,212	260,133	17,064
<i>Rickenbacker</i>	5,709	3,590	2,119	179		2,298
<i>Vizcaya</i>	2,820	2,669	151	150		301
<i>Housing Agency</i>	3,666	6,244	(2,578)	2,561		(17)
<i>Total</i>	\$ 1,972,465	\$ 2,422,759	\$ (450,294)	\$ 53,088	\$ 473,169	\$ 75,963

The following is a brief discussion of the operating results for the County's major enterprise funds:

Transit Agency



Miami-Dade Transit Agency ("MDTA") is charged with the operation of a unified public transit system consisting of a bus fleet of 686 buses, a 21.1 mile above ground heavy rail system and a 4.2 mile automated guideway system providing services throughout the County. MDTA is one of the largest transit systems in the nation and carries over 45% of all transit trips in the State of Florida. Metrobus revenue miles increased 4% in fiscal year 2001, while average weekday boardings

remained at the same level achieved in fiscal year 2000. Revenue miles increased 19% for Metrorail in fiscal year 2001, while average weekday boardings remained at the same level achieved in fiscal year 2000 as the peak vehicle requirement increased from 68 passenger cars in 2000 to 90 passenger cars in 2001. Metromover revenue miles decreased by 1% and the average weekday boardings increased by 16% when compared to the previous year.

In fiscal year 2001, MDTA placed in service 96 new full-sized replacement buses at a cost of \$26 million, and 64 mini-buses at a cost of \$9.2 million. Funding for the buses was primarily provided by the Federal Transportation Administration (\$4.8 million) and a loan obtained through the Sunshine State Governmental Financing Commission (\$34.0 million).

As of September 30, 2001, MDTA had a cumulative cash deficit from operations of \$34.3 million, of which \$20.7 million will be reimbursed from grantor agencies. The remaining cash deficit of \$13.6 million represents an accumulation of expenditures in excess of cash receipts. The cash deficit was recorded as an interfund receivable in the County's General Fund. This cash deficit will be addressed primarily through a pending leaseback transaction that was expected to close prior to September 30, 2001, but was delayed.

Solid Waste



The Department of Solid Waste Management is responsible for providing solid waste collection and recycling services to residential customers in the unincorporated area of Miami-Dade County, as well as Countywide disposal of solid waste collected by County and private waste collection companies.

Operating revenues for fiscal year 2001 were \$190 million, a decrease of 3.5% from the 2000 levels. This is due to a decrease in waste disposal services as a result of a decline in revenue tons. This was partially offset by an increase in tipping fees and an increase in solid waste collection services, which increased by 5,800 collection services units, from prior year. Tipping fees increased by 3% when compared to fiscal period 2000. Operating expenses after depreciation and

assumption of closure and post-closure care costs for inactive landfills decreased by \$2.7 million or 1.5% from the previous year. This decrease resulted from changes in closure and post-closure estimates, partially offset by an increase in depreciation expense related to assets contributed in fiscal year 2001, as required per GASB No. 33, Accounting and Financial Reporting for Nonexchange transactions. Previously, depreciation for contributed assets was charged against the Contributions line in the equity section of the balance sheet.

Seaport



The Seaport Department operates the Dante B. Fascell Port of Miami-Dade ("Port"). The Port is the largest cruise port in the world, is among the top five container cargo ports serving the Caribbean and Latin American Regions and ranks nationally in the top ten ports.

In the past year, some of the Port's growth and financial initiatives were realized. Operating revenues for fiscal year 2001 were \$76.2 million, an increase

of \$3.7 million or 5.1% when compared to fiscal year 2000. The increase in revenues is attributable to the growth in cargo and activity resulting from business with Europe and improved economic conditions of the Seaport's Latin American trading partners, combined with several new larger cruise vessels carrying greater numbers of cruise passengers. Total operating and maintenance expenses, including depreciation, for fiscal year 2001 were \$49 million, reflecting an increase of less than 1% from the previous year.

Aviation



The Miami-Dade Aviation Department operates the Miami International Airport (“MIA”) as well as five general aviation airports. The general aviation airports and their related activities provide a significant role as they serve to alleviate traffic at MIA. MIA is currently ranked number one in the U.S. for international freight and third for international passengers.

During 2001, MIA handled 33.1 million passengers, 17.2 million were domestic and the remaining 15.9 million were international passengers. The 33.1 million passengers represent a slight decrease of 1.5% from prior year. When compared to prior year, domestic and international passengers decreased slightly by approximately 1.1% and 1.9%, respectively. The decrease can be attributed to slowing economies in both the U.S. and Latin America and the tragic events of September 11, 2001.

The Department received Federal Aviation Administration approval and over an \$80 million commitment for the construction of a new fourth runway. Once complete in 2004, it will consist of a mile-long linear concourse with 47 gates able to handle international flights plus 29 regional aircraft parking spaces extending westward from the currently operating Concourse A past the end of Concourse D. Through the end of 2001, 156 construction projects are in the planning and design stage, 65 are under construction, and 102 have been completed.

The Aviation Department’s revenue from operations for the fiscal year ended September 30, 2001 was \$475.9 million, a decrease of \$3.7 million less than 1% over the previous fiscal year. Total operating expenditures were \$499.8 million, an increase of \$80 million or 19%. The majority of the increase can be attributed to an increase in the environmental remediation liability.

In August of 1993 the Aviation Department entered into an agreement with the County’s Department of Environmental Resources Management (“DERM”). Every year since, the Aviation Department has an independent engineering firm evaluate and update the environmental violations. As a result of the updated study and costs incurred, the Aviation Department has recorded a liability of \$173 million at September 30, 2001. Of the total liability, approximately \$59 million relates to an expense in the current year.

Water and Sewer



The Miami-Dade Water and Sewer Department operates the County's water and wastewater systems. The Department serves 375,000 retail customers within the County and provides large scale wholesale water and wastewater service to municipalities.

In order to improve the Department's effectiveness and the overall delivery of its services, as well as to reduce costs by promoting an efficient organizational structure, the Department reorganized itself in fiscal year 1999. This resulted in numerous improvements, including the streamlining of various activities and of the overall managerial structure, allowing the Department to make better use of its resources.

Operating revenues for fiscal year ended September 30, 2001 were \$360.6 million, a decrease of \$18.8 million or 4.9% when compared to \$379.4 million in revenues recorded in fiscal year 2000. The decrease in revenues was primarily attributable to the mandatory water restrictions implemented by the South Florida Water Management District in December 2000. The number of retail water and wastewater customers increased by 15,196 and 10,344, respectively, during fiscal year 2001. Total operating and maintenance expenses for the fiscal year ended September 30, 2001 were \$180.2 million, an increase of \$11.3 million (6.7%) over the previous year. This can be attributed to increased maintenance and operational costs related to the water and wastewater systems. Total operating expense including depreciation was \$289.5 million. Net income for the 2001 fiscal year was \$71.7 million, an increase of \$4.6 million from prior year.

Public Health Trust

The Public Health Trust ("PHT") operates Miami-Dade County's Jackson Health Systems (JHS) which includes Jackson Memorial Hospital (JMH) and other health care programs and facilities. Operating revenues for fiscal year ended September 30, 2001 were \$774.2 million, an increase of \$63.9 million, or 9.0% when compared to \$710.3 million in revenues recorded in fiscal year ended 2000. Operating expenses increased \$88.9 million or 9.3%. Operating transfers in, consisting of indigent sales tax and general fund subsidies, increased by \$10 million or 4.2%. Net income increased from a net loss of \$1.3 million in 2000 to a net income of \$17.1 for fiscal year ending September 30, 2001. The net income can be attributed to the adoption of GASB 33, which requires enterprise funds to account for external capital contributions in its operating statement. Absent this change, the PHT would have recorded a net loss of approximately \$7.5 million.

DEBT MANAGEMENT

The County has continued to obtain, in an efficient and innovative manner, long-term financing for the construction or acquisition of various long-term assets. It is management's objective to adequately plan and meet County comprehensive construction demands for essential capital

improvements and equipment, and, at the same time, ensure residents of the community are not overburdened with general obligation long-term debt payable from ad valorem taxes.

The County's debt service millage for 2001 for all Countywide bonded indebtedness was 0.652 mills representing a 20.1% decrease from the 2000 rate. Of the total Countywide millage, 0.389 mills or 59.7% is dedicated to the \$553 million Decade of Progress Program, 0.190 mills or 29.1% is earmarked for the \$200 million Criminal Justice Facilities Bond Program, and 0.073 mills or 11.2% is attributed to the \$200 million Parks Bond Program. The total millage for all Miami-Dade Fire and Rescue Service District bonded debt service for 2001 remained unchanged at .069 mills.

The following chart indicates the principal amortization of the County's general obligation debt in five-year increments. As can be seen, approximately 55% of the County's outstanding debt will be retired within the next ten years.

**General Obligation Debt
Principal Amortization
For The Five Year Period Ending September 30, 2001
(in thousands)**

2006	\$ 117,900
2011	53,795
2016	63,005
2021	50,561
2026	26,500
2031	1,900

During fiscal 2001 and thereafter, the County accessed the municipal bond market via negotiated and competitive issuances.

\$28,500,000 Miami-Dade County, Florida General Obligation Bonds (Parks Program), Series 2001. The proceeds of the Series 2001 Bonds will be used to provide funds for new and improved park facilities, and pay certain costs of issuance of the Series 2001 Bonds. The Series 2001 Bonds were issued at interest rates ranging from 4.00% to 5.25% with a final maturity in fiscal year 2027.

\$40,395,000 Miami-Dade County, Florida Solid Waste System Revenue Bonds, Series 2001. The proceeds of these Bonds will be used to pay a portion of the costs of the 1997 Project and to pay certain costs of issuance of the Series 2001 Bonds. The 1997 Project identified various capital expenditures to be made by the Solid Waste Department that are necessary to assure the satisfactory and efficient operation of the County's solid waste facilities. In addition, the 1997 Project includes capital expenditures for closure of landfills/cells, construction of new landfill cells, groundwater monitoring wells, leachate collection and treatment system, and transfer

station improvements. The Series 2001 Bonds were issued at interest rates ranging from 4.375% to 5.5% with a final maturity in fiscal year 2021.

\$49,000,000 Loan from the Sunshine State Governmental Financing Commission. The proceeds of the loan will be used for the capital acquisition of 76 full-size buses and 85 small-size buses, the purchase of an air rescue Bell Helicopter and to finance portion of the County's information technology network expansion. The loan is payable by October 1, 2011.

\$10,000,000 Section 108 Loan from the U.S. Department of Housing and Urban Development. Proceeds of this loan will be used to provide financing assistance for the Economic Development Initiative. The loan is payable by August 1, 2021.

\$2,500,000 Section 108 Loan from the U.S. Department of Housing and Urban Development. Proceeds of this loan will be used to provide financing assistance for the Brownfields Economic Development Initiative. The loan is payable by August 1, 2021.

\$93,339,000 Aviation Commercial Paper Notes, Series A (AMT). The proceeds from these Notes will be used to finance certain airport improvements.

\$150,000,000 Loan from the Sunshine State Governmental Financing Commission. Portion of the proceeds of the loan will be used to fund capital projects at the Port of Miami, including renovation to existing terminals, traffic enhancements throughout the Port and Port-wide security enhancements.

CONSTRUCTION MANAGEMENT

The County's Capital Budget and Multi-year Capital Plan covering the period from October 1, 2001 through September 30, 2007 highlights 613 projects with an estimated cost of \$10.4 billion. Of this amount, 61.8% represents the transportation area, with Aviation improvements comprising 71% of the total multi-year transportation program costs. Capital projects in the Physical Environment category comprise 22% of the total spending plan with approximately 75% attributable to the Water and Sewer Department.

Major capital projects for fiscal year 2002, other than Aviation and Water and Sewer capital improvements, include:

- construction of the various Fire Rescue Stations,
- acquisition of replacement and expansion buses,
- Turner Guilford Knight Correctional Center improvements and renovations
- Performing Arts Center,
- Dade County Courthouse and the Lawson E. Thomas Courthouse Center fiber optic cabling
- South Miami-Dade Cultural Center,
- public housing improvements,
- Community Development Block Grant funded projects,
- Safe Neighborhood Parks projects,
- Quality Neighborhood Improvement Program (QNIP) projects including

- sidewalk, drainage, road surfacing, and park improvements
- Public Health Trust projects aimed at the modernization and expansion of existing medical center facilities,
- Richard E. Gerstein Justice Building various improvements
- Rickenbacker Causeway improvements, including an administration and maintenance building
- information technology projects targeting customer service
- beach renourishment
- Seaport improvements including local road improvements to reduce traffic congestion and
- Miami Metrozoo Aviary reconstruction

The Local Option Gas Tax Program continues to be allocated for road projects in the unincorporated area. The Safe Neighborhood Parks Program, approved by the electorate in November 1996, is still ongoing. Improvements totaling \$200 million are programmed including \$125 million for Miami-Dade County. To date, more than \$130 million in debt has been issued for the program and it is anticipated that another \$12 million will be issued during fiscal year 2002.

The Quality Neighborhoods Improvement Program totals \$203 million and includes \$143 million approved by the Board of County Commissioners in September 1999 and \$60 million approved in January 2002. This program addresses infrastructure needs, including those in older urban neighborhoods and high growth areas. Improvements include among others, construction of new sidewalks and repairs to existing sidewalks, local and major drainage improvements, and roadway resurfacing and park facility improvements.

Funding sources for future capital improvement expenditures are depicted below (in thousands):

	<u>Fiscal Year 2002</u>		<u>Fiscal Year 2002 - 2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Debt Proceeds	\$ 1,015,364	54.97	\$ 6,683,191	64.47
County Proprietary				
Operations	212,702	11.51	979,040	9.45
Federal	244,167	13.22	1,173,127	11.32
State	94,893	5.14	290,021	2.80
Impact Fees and				
Contributions	71,855	3.89	503,940	4.86
Gas Taxes	38,239	2.07	227,696	2.20
Other	170,022	9.20	508,659	4.90
Total	\$ 1,847,242	100.00	\$ 10,365,674	100.00

Future capital improvement expenditures, by program area, are depicted below (in thousands):

	<u>Fiscal Year 2002</u>		<u>Fiscal Year 2002 - 2007</u>	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Transportation	\$ 999,690	54.12	\$ 6,404,490	61.79
Physical Environment	413,539	22.39	2,274,445	21.94
Health and Human Services	158,679	8.59	744,125	7.18
Protection of People				
and Property	34,065	1.84	125,128	1.21
Culture and Recreation	185,677	10.05	738,460	7.12
Internal Support and				
General Government	55,592	3.01	79,026	0.76
Total	\$ 1,847,242	100.00	\$ 10,365,674	100.00

CASH MANAGEMENT

In order to achieve maximum financial return on all available funds, the Finance Department pursues an aggressive cash management and investment program within the constraints imposed by Florida Statutes and local policies adopted by resolution of the Board of County Commissioners. The County has implemented an Investment Advisory Committee composed of professionals from the public and private sector. Every quarter, the portfolio performance is presented and reviewed by the Committee.

The County hired a Cash Management Consultant to provide expert and professional analysis of the County's cash management performance and to make recommendations on investment strategies to maximize future investment earnings to the County in a non-exclusive basis, while maintaining or increasing the safety of the County's investment portfolio.

The County has adopted a formal investment policy, which applies to all investment of public funds. Cash balances are invested on a daily basis at the best interest rates available in the markets. Investments consist primarily of time deposits in banks approved by the State Treasurer to act as a qualified public depository, United States government treasuries, United States government agencies, commercial paper, bankers' acceptances and repurchase agreements.

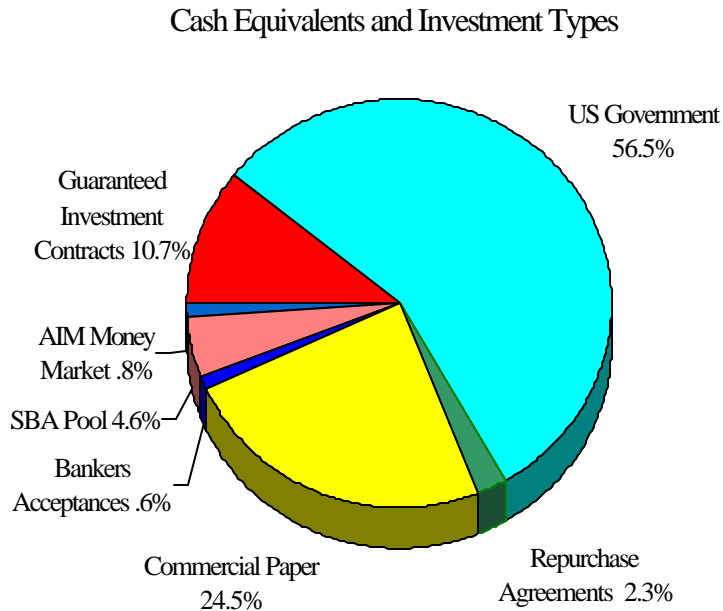
For purposes of maximizing the interest earning yield on short-term investments, cash balances of all funds are pooled, except where separate cash and investment accounts are maintained in accordance with legal requirements. It is the County's policy not to invest in leveraged derivatives. The primary objective of the County's policy is preservation of capital.

During fiscal year 2001, the average investment yield realized by the County was 5.49%. As in the past, treasury activities have realized forecasted returns and have been a significant contributor in the attainment of revenues to meet the many service demand levels identified by the administration and management.

A summary and comparison of treasury activity for the last three fiscal years, not including cash with the fiscal agents and the Public Health Trust, is as follows (in thousands):

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Average Portfolio Balance	\$ 2,787,030	\$ 2,704,802	\$ 2,350,623
Average Investment Yield	5.49%	6.03%	5.27%
Interest Earned on Investments Managed by the Finance Department	\$ 152,902	\$ 163,465	\$ 123,661

The following chart summarizes the County's investments, including cash equivalents, at September 30, 2001:



The County participates in the United States Treasury Department Minority Bank Deposit Program. This program, which has been in effect for the past fifteen fiscal years, requires the County to deposit Federal initiated grants and entitlements and certain State originated monies with local minority owned banks for a period of three working days. The banks in turn, have free use of the funds to make investments or take advantage of the Fed Funds Market and keep all interest earned thereon. However, in all instances, the County's monies are fully collateralized as required by Florida Statutes.

RISK MANAGEMENT

The County administers a self-insurance program for workers' compensation, tort liability, property, and group health and life insurance programs, subject to certain stop-loss provisions. The health and life insurance programs are administered by an independent administrator. The County funds the program on an annual payout basis. Insurance coverage is maintained with independent carriers for property damage to County facilities. The County maintains no excess coverage with independent carriers for workers' compensation and general liability.

At September 30, 2001, the estimated liability for insurance claims that are expected to be paid with available financial resources totals \$45,959,000. The estimated long-term liability for insurance claims, which are not expected to be paid with available financial resources at September 30, 2001, is \$80,361,000.

INDEPENDENT AUDIT

KPMG LLP audited the general-purpose financial statements for 2001, and their opinion resulting from their audit is included in this Comprehensive Annual Financial Report. Their audit was performed in accordance with generally accepted auditing standards, Government Auditing Standards and the Rules of the Auditor General State of Florida. The scope of the audit was sufficient to satisfy State, Federal and County Charter requirements.

CERTIFICATE OF ACHIEVEMENT

For the twenty-first consecutive year, the Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Miami-Dade County for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2000. The Certificate of Achievement is the highest form of recognition in the area of governmental accounting and financial reporting. The attainment of this award represents a significant accomplishment by a government and its financial management.

In order to be awarded a Certificate of Achievement, the County had to publish an easily readable and efficiently organized CAFR, whose contents conform to established program standards. Such comprehensive reports must satisfy both generally accepted accounting principles and applicable legal requirements. To earn a Certificate of Achievement, a government must demonstrate constructive spirit of full disclosure to clearly communicate its financial story while enhancing the understanding of the logic underlying the traditional governmental financial reporting model.

The County's 2000 Comprehensive Annual Financial Report has been evaluated by an impartial Special Review Committee composed of other government officers, independent certified public accountants, educators and others with particular expertise in government accounting and financial reporting. We believe that the 2001 Comprehensive Annual Financial Report continues to conform to the high standards of the Certificate of Achievement Program and we are submitting it to the GFOA.

ACKNOWLEDGMENTS

The preparation and completion of this Comprehensive Annual Financial Report represents the culmination of numerous processes performed by many of the accountants throughout the County departments, and of the continued excellent cooperation and assistance of all of the accounting firms associated with the audit of the County's operations. We would like to thank the chief financial officers of the County's enterprise operations for coordinating their reporting deadlines with that of the combined entity in order for this Comprehensive Annual Financial Report to be issued on a timely basis; and the Research Section of the Department of Planning and Zoning for providing the information regarding our economy.

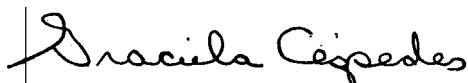
In particular, we wish to express our appreciation to the staff of the Finance Department who were responsible for compiling and collating the data comprising this Report, for developing our underlying financial accounting theory, and for achieving the highly respected Certificate of Achievement Award.

Finally, your guidance and cooperation in planning and conducting the financial affairs of the County in a responsible and progressive manner is greatly appreciated.

Respectfully submitted,

A handwritten signature in black ink, reading "Rachel Baum". The signature is written in a cursive style with a large, looping initial "R".

RACHEL BAUM
Finance Director

A handwritten signature in black ink, reading "Graciela Céspedes". The signature is written in a cursive style with a large, looping initial "G".

GRACIELA CESPEDES
Deputy Finance Director